



February 17, 2006

Cranston man pleads guilty to fraudulent advance-fee scheme

**John J. Conley took \$285,000 from start-up businesses
and failed to provide promised financing**

John J. Conley, 57, of Cranston, pleaded guilty today to wire fraud, admitting that he defrauded eight businesses by charging them a total of \$285,000 in advance fees for financing that he promised but never provided.

United States Attorney Robert Clark Corrente announced the guilty plea, which Conley entered today before Chief U.S. District Court Judge Ernest C. Torres in U.S. District Court, Providence. Conley was scheduled to go on trial starting February 28.

At the plea hearing, Assistant U.S. Attorney Terrence P. Donnelly said that the government could prove that Conley told at least eight potential clients that he could provide financing for their start-up or growing businesses. He told them that he managed a "hedge fund" or another type of venture capital vehicle. However, there was no hedge fund and Conley never provided any financing.

The time frame of the charges to which Conley pleaded guilty was July 2000 to June 2001. However, Donnelly said, the scheme started as far back as 1998, when Conley placed an ad in the Wall Street Journal offering the services of his firm, River City Affiliates, to provide financing to small companies. He also used other corporate identities, such as John Conley Investments LLC, and River City Investors.

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Conley demanded from his clients non-refundable advance fees ranging from \$25,000 to \$60,000, purportedly to cover his “due diligence costs.” After obtaining the advance fees, Conley used various stall tactics to explain why the financing was not forthcoming. As alleged in an indictment returned last June, he promised to provide between \$750,000 and \$10,000,000 in financing for each of the clients and a total of \$39,250,000.

Conley’s victims were: a Michigan-based corporation established to auction commercial equipment over the Internet; a Virginia-based software consulting service; a Virginia company established to facilitate high-speed securities transactions over the Internet; a California executive recruiting service; a Connecticut food service enterprise; a New York-based business that distributed alcoholic beverages; a Chicago firm developing communications technology for schools; and a Connecticut based airline shuttle company. All eight have gone out of business.

Conley pleaded guilty to eight counts of wire fraud. The maximum penalty for each count is five years in prison and a \$250,000 fine. Conley is free on unsecured bond pending sentencing, which is scheduled for May 5 before U.S. District Court Judge William E. Smith, who was to preside over the trial.

The **Federal Bureau of Investigation** investigated the case. Assistant U.S. Attorney Donnelly is prosecuting it.

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